

May 9, 2016

Bradley Pederson, CPA, Peer Review Committee Chair
Minnesota Society of CPAs
1650 W 82nd St. Ste 600
Bloomington, MN 55431

Dear Mr. Pederson:

On May 2, 2016 the AICPA Peer Review Board Oversight Task Force accepted the report and letter of procedures and observations on the most recent oversight visit for the Minnesota Society of CPAs, the administering entity for the AICPA Peer Review Program, and the administering entity's response thereto. A copy of this acknowledgement, the two oversight visit documents, and your response have now been posted to the AICPA Peer Review Program Web site.

The next state oversight visit will be in 2017.

The AICPA Peer Review Board appreciates your cooperation and efforts in making the peer review program a success.

Sincerely,

Debra Seefeld

Debra Seefeld, Chair
Oversight Task Force
AICPA Peer Review Board

cc: Betsy K. Adrian, State Society CEO
Jill McGuire, Minnesota Society of CPAs
Laurel Gron, AICPA Peer Review Program Technical Manager

Oversight Visit Report

January 19, 2016

To the Minnesota Society of CPAs
Peer Review Committee

We have reviewed the Minnesota Society of CPAs' administration of the AICPA Peer Review Program as part of our oversight program. Our procedures were conducted in conformity with the guidance established by the AICPA Peer Review Board (board) as contained in the *AICPA Peer Review Program Oversight Handbook*. The administering entity is responsible for administering the AICPA Peer Review Program in compliance with the *AICPA Standards for Performing and Reporting on Peer Reviews*, interpretations, and other guidance established by the board. Our responsibility is to determine whether (1) administering entities are complying with the administrative procedures established by the board as set forth in the *AICPA Peer Review Program Administrative Manual*, (2) the reviews are being conducted and reported upon in accordance with the standards, (3) the results of the reviews are being evaluated on a consistent basis by all administering entity peer review committees, and (4) information disseminated by administering entities is accurate and timely.

Based on the results of the procedures performed, we have concluded that the Minnesota Society of CPAs has complied with the administrative procedures and standards in all material respects as established by the board.

As is customary, we have issued a letter of oversight visit procedures and observations that details the oversight procedures performed and sets forth recommendations that were not considered to be of sufficient significance to affect the conclusions expressed in this report.



Paul V. Inserra, Member, Oversight Task Force
AICPA Peer Review Program

January 19, 2016

To the Minnesota Society of CPAs
Peer Review Committee

We have reviewed the Minnesota Society of CPAs' administration of the AICPA Peer Review Program as part of our oversight program and have issued our report thereon dated January 19, 2016. That report should be read in conjunction with the observations in this letter, which were considered in determining our conclusions. The observations described below were not considered to be of sufficient significance to affect the conclusions expressed in that report.

The oversight visit was conducted according to the procedures in the *AICPA Peer Review Program Oversight Handbook*. An oversight program is designed to improve the administering entity's administration of the AICPA Peer Review Program through feedback on its policies and procedures and to provide resource assistance from an AICPA Peer Review Board Oversight Task Force member on both technical and administrative matters.

In conjunction with the oversight visit of the Minnesota Society of CPAs, the administering entity for the program, conducted on December 9 and 10, 2015, the following observations are being communicated.

Administrative Procedures

On the morning of December 9, 2015, Sue Lieberum, AICPA senior technical manager and I met with the director of finance and administration and the peer review coordinator to review the program's administration. We believe the administrative processes were being handled in a manner consistent with peer review standards.

We reviewed the files which were still open due to follow-up actions, which had not yet been completed. We found that the follow-up actions were being effectively monitored for completion by the administrative staff and the peer review committee.

We also reviewed the policies and procedures for the granting of extensions. We found few extensions are requested and that the peer review manager consults the committee or committee chair on all extension requests.

Additionally, we reviewed the timeliness of the scheduling process, technical reviews and the preparation of acceptance letters and follow-up letters. We found no problems in these areas.

Also, we reviewed the timeliness of the preparation of poor performance and tardiness letters and found these were being issued in a timely and appropriate manner.

We noted that review documents uploaded to the FSBA site were not always performed within 30 days of review acceptance.

The Society has developed a back-up plan to support all peer review staff members and technical reviewers should one of them become unable to serve in their capacity.

Web Site and Other Media Information

We met with the director of finance and administration to review the administering entity's procedures to determine if the information disseminated regarding the AICPA Peer Review Program by the administering entity on their Web site and other media information is accurate and timely.

After AICPA staff's review of the Web site material and other media information, we noted that the administering entity maintains current information as it relates to the peer review program; however we did note a couple broken links and one outdated link. In addition, the director of finance and administration and the peer review coordinator are responsible for maintaining the peer review section of the Web site and monitor the Web site on a periodic basis to ensure peer review information is accurate and timely.

Working Paper Retention

We reviewed the completed working papers and found compliance with the working paper retention policy.

Technical Review Procedures and Review Presentation

We met with both technical reviewers to discuss procedures. They perform all of the technical reviews and are experienced reviewers.

We reviewed the reports, letters of response, if applicable, and the workpapers for 15 reviews in preparation for the December 10, 2015 RAB meetings. We noted that several of the review issues were not properly addressed by the technical reviewer before reviews were presented to the committee. This caused the RAB to spend extra time discussing the reviews which ultimately led to a delay or defer decision.

Committee Procedures

We met with the committee chair and discussed their procedures for disseminating the comments resulting from the AICPA working paper oversights to the appropriate individuals. It was determined the committee issued reviewer feedback when appropriate.

On December 10, 2015, we attended the on-site RAB meeting. We observed the RABs' acceptance process and offered our comments at the close of discussions. It was apparent that the RAB members had thoroughly reviewed the reports and working papers prior to the meeting, and had a good understanding of the program in order to reach an appropriate decision for each review. Also, we participated in a telephonic executive committee meeting on January 19, 2016 and noted that the meeting was professional and effective.

Appropriate decisions were made in the acceptance process, appropriate follow-up actions were assigned, and reviewers were being appropriately monitored. Reviews were being presented to the RABs on a timely basis.

We did note reviewer feedback forms that contained reviewed firm information, which should be removed.

Oversight Program

The Minnesota Society of CPAs' peer review committee has adopted a formal oversight program which is well documented. We reviewed the document and procedures performed and found it to be comprehensive.

Summary

Our observations to enhance the Minnesota Society of CPAs' administration of the program are summarized as follows:

- The society should develop a system to ensure that review documents are uploaded to the FSBA website on a timely basis.
- The society should annually test the links contained in the peer review section of their website to insure that they are properly working and contain current information.
- Technical reviewers need to bring reviews before the committee without open technical issues. Specifically, technical reviewers need to 1) analyze the peer review documents more thoroughly, 2) include with the RAB materials any communications they had with the reviewers, 3) better anticipate RAB questions, and 4) recommend the RAB defer or delay certain reviews when that action is warranted.
- Reviewer feedback forms should be prepared without reference to the reviewed firm.



Paul V. Inserra, Member, Oversight Task Force
AICPA Peer Review Program

March 1, 2016

Debra Seefeld, CPA, Chair
Oversight Task Force
AICPA Peer Review Board
Palladian I Corporate Center
220 Leigh Farm Road
Durham, NC 27707-8110

Re: Oversight Visit to Minnesota Society of CPAs

Dear Ms. Seefeld:

This letter represents our response to the report and letter of procedures and observations issued in connection with the review of the Minnesota Society of CPAs' administration of the AICPA Peer Review Program (program) performed on December 9-10, 2015. The matters discussed herein have been brought to the attention of all peer review program committee members, administrative staff, and technical reviewers. In addition, the matters discussed in this letter will be monitored to ensure they are effectively implemented as part of our administration of the AICPA Peer Review Program.

Please see our responses below with regard to the observations of the oversight team.

Administrative Procedures

We recognize the importance of timely submission of peer review documents to the FSBA site; accordingly we have implemented a process to ensure that documents are uploaded to the FSBA site on a timely basis.

Web Site and Other Media Information

We recognize that having accurate and timely information on our Web site, as well as other media information is important; accordingly, we have put into place a procedure to review the links on our website, as they relate to the peer review program, to ensure that they are current.

Technical Review Procedures

We appreciate the feedback provided with respect to improvements in our technical review process, and have shared the feedback with our technical reviewers and committee members. We will continue to make efforts to improve the technical review process, while being mindful of achieving the appropriate balance between having our technical reviewers provide necessary information to the RAB members, but not leading them or unduly influencing their acceptance process.

Committee Procedures

We have stopped including reviewed firm names on reviewer feedback documents.

We appreciate the constructive advice and suggestions provided by Paul Inserra and Sue Lieberum during their oversight.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Bluhm".

Brian Bluhm, CPA
Peer Review Committee Chair
Minnesota Society of CPAs

cc: Betsy C. Adrian, CEO
Faye Hayhurst, Director of Finance and Administration
Paul V. Inserra, Member, Oversight Task Force